GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:411
ANSWERED ON:20.11.2001
SUBSIDY ON FERTILIZERS
PRABHUNATH SINGH;RAGHUNATH JHA

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether a decade ago the government withdrew the subsidy on fertilizers and has again decided to give subsidy on fertilizers;

(b) if so, the details of the fertilizers on which subsidy is being granted alongwith the rate thereof,

(c) whether the said subsidy will be further passed on to farmers;

(d) whether the government propose to grant subsidy on other chemicals/pesticides also;

(e) if so, the details thereof;

(f) the details of all such other schemes/projects etc. his ministry is launching for the benefit of the farming society; and

(g) the quantum of money allocated for each project/scheme?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI S. B. MOOKHERJEE)

(a) & (b): While the phosphatic and potassic fertilzers were decontrolled w.e.f 25.8.1992, the low analysis nitrogenous fertilizers viz., calcium ammonium nitrate, ammonium sulphate and ammnium chloride were decontrolled w.e.f 10.6.1994. The Government provides concession on sale of decontrolled phosphatic and potassic fertilizers. Base rates of concession for 2001-2002 are Rs. 3700 per MT for indigenous DAP, Rs. 1550 per MT for imported DAP, Rs. 3150 per MT for MOP and Rs.700 per MT for SSP. The level of concession for various complex fertilizers is fixed proportionately taken into account the NPK content in these fertilizers.

Urea, being the only fertilizer under statutory price, distribution and movement control, is covered under the Retention Price-cum-Subsidy Scheme and is eligible for subsidy. Difference between the retention price (cost of production plus 12% post tax return on net worth) and statutorily notified Maximum Retail Price of urea is paid assubsidy to urea manufacturers. On an average, at present, amount of subsidy on urea borne by Union Government is more than Rs. 4000 per tonne.

(c): Since urea is sold on statutorily notified MRP and the decontrolled phosphatic and potassic fertilizers are sold at indicative MRPs to the farmers throughout the country, which are far less than the cost of production of fertilizers, the benefit of subsidy/concession is passed on to farmers indirectly.

(d) & (e): There is no proposal to grant subsidy on other chemicals/pesticides.

(f) & (g): The Ministry of Chemicals and Fertilizers disburses subsidy to ureamanufacturers and concession to manufacturers of decontrolled phosphatic and potassic fertilizers. Budgetary provision of Rs. 8456 core and Rs.5714 crore have been made for subsidy on urea and concession decontrolled phosphatic and potassic fertilizers, respectively, during the current financial year 2001-2002.

Many of the Fertilizer companies are carrying out agricultural extension work with emphasis on education of farmers in the scientific application of fertilizers out of their own resources. Besides, Krishak Bharati Cooperative Limited (KRIBHCO), Indian Farmers Fertilizer Cooperative Limited (IFFCO) and Indian Potash Limited (IPL) are also implementing special projects viz. Rainfed Farming Projects, Indian Farm ForestryDevelopment Cooperative Project and Environment Improvement in Rainfed Area Project, respectively.